



# Fiscal Note

## S.B. 177

2019 General Session  
 Scholarships for Special Needs Students  
 by Fillmore, L.



### General, Education, and Uniform School Funds

JR4-5-101

|                           | Ongoing        | One-time     | Total      |
|---------------------------|----------------|--------------|------------|
| Net GF/EF/USF (rev.-exp.) | \$(13,279,000) | \$13,194,400 | \$(84,600) |

### State Government

UCA 36-12-13(2)(b)

| Revenues                 | FY 2019    | FY 2020        | FY 2021               |
|--------------------------|------------|----------------|-----------------------|
| Education Fund           | \$0        | \$(13,200,000) | \$(13,200,000)        |
| Education Fund, One-Time | \$0        | \$13,200,000   | \$1,200,000           |
| <b>Total Revenues</b>    | <b>\$0</b> | <b>\$0</b>     | <b>\$(12,000,000)</b> |

Enactment of this legislation provides for a nonrefundable corporate and individual income tax credit for donations to the Special Needs Opportunity Scholarship Program created in the bill. Bill provisions limit donations to a total of \$12.0 million annually, resulting in a potential loss of revenue to the Education Fund of \$12.0 million beginning in FY 2021. This amount may increase annually by 10 percent if certain conditions outlined in the bill are met, resulting in a potential total of \$13.2 million in FY 2022.

| Expenditures              | FY 2019    | FY 2020         | FY 2021         |
|---------------------------|------------|-----------------|-----------------|
| Education Fund            | \$0        | \$79,000        | \$79,000        |
| Education Fund, One-Time  | \$0        | \$5,600         | \$0             |
| <b>Total Expenditures</b> | <b>\$0</b> | <b>\$84,600</b> | <b>\$79,000</b> |

Enactment of this legislation may cost the State Board of Education \$5,600 one-time and \$79,000 ongoing from the Education Fund beginning in FY 2020 to administer the Special Needs Opportunity Scholarship Program as outlined in the bill. The scholarship program is primarily funded by donors to a Scholarship Granting Organization receiving an income tax credit for their donation, up to an initial maximum of \$12.0 million in FY 2021 and potentially increasing by 10 percent in subsequent years. Based on the total estimated amount of \$12.0 million, a total of 1,767 to 3,535 students may be eligible to receive a scholarship depending on the scholarship amounts as outlined in the bill. Using the FY 2019 Weighted Pupil Unit (WPU) Value, students may qualify for a scholarship of \$3,395 for a regular education student or \$6,790 for a special education student. Both students in the public education system and students in home or private schools may receive a scholarship under the provisions outlined in this bill. To the extent that a public school student receives a scholarship, the state may see reduced enrollment growth costs from one to seven years (special education students) after the public education student exits the system. Potential savings are based on statutory formulas governing the calculation of WPUs. The State may see a net savings of \$1,019 per student for regular education and \$1,799 per student per year for special education for each student that exits the public education system. The State does not experience a like savings for scholarships granted to students in home or private schools.

|                      | <i>FY 2019</i> | <i>FY 2020</i>    | <i>FY 2021</i>        |
|----------------------|----------------|-------------------|-----------------------|
| <b>Net All Funds</b> | <u>\$0</u>     | <u>\$(84,600)</u> | <u>\$(12,079,000)</u> |

**Local Government**

UCA 36-12-13(2)(c)

Enactment of this legislation may result in additional students qualifying for a scholarship to attend a private school. As students exit the public education system, local education agencies may see some cost savings from local revenue expenditures on students ranging from \$693 per student to \$6,769 per student per year. The potential savings will vary depending on the LEA and the amount of local revenue expended per student.

**Individuals & Businesses**

UCA 36-12-13(2)(d)

Bill provisions allow individuals and businesses to make donations to the Special Needs Opportunity Scholarship Program. Donors may receive a tax credit certificate for the amount of donation, up to a total of \$12.0 million a year beginning in FY 2021 (Calendar Year 2020). The donation cap may increase by 10 percent a year based on provisions outlined in the bill.

**Regulatory Impact**

UCA 36-12-13(2)(e)

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

**Performance Note**

JR4-2-404

No performance note required for this bill

**Notes on Notes**

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.